



Fact Sheet: U.S.-Colombia Free Trade Agreement
 (U.S.-Colombia FTA)
 August 2011

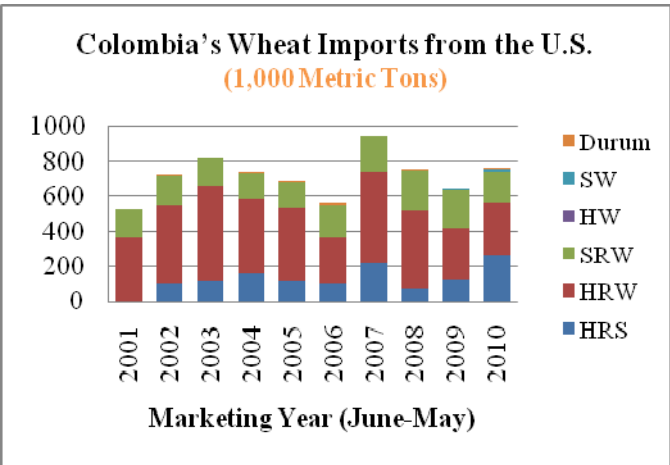
The U.S.-Colombia Free Trade Agreement is crucial for the U.S. wheat industry to maintain sales and market share in an increasingly competitive trade environment. In 2009/10, Colombia was the eighth largest U.S. wheat export market in the world, but dropped to eleventh place in 2010/11. A fully implemented free trade agreement will immediately remove tariffs on U.S. wheat and eliminate the country's price band system upon implementation. This would level the playing field, ensuring U.S. wheat can compete in the Colombian market.

The U.S. wheat industry faces tough competition in Colombia.

Colombia is dependent on imports to satisfy 97 percent of its wheat demand. The U.S., Canada and Argentina are the principal sources of Colombia's wheat imports. **In 2007/08, U.S. wheat dominated Colombia's wheat market with a share of around 70 percent.** The value of U.S. wheat exports to Colombia that year reached \$330 million, making wheat the second largest agricultural export from the United States. **However, U.S. share fell to about 45 percent in 2009/10**, while Canadian market share increased from about 24 percent in 2007/08 to 33 percent in 2009/10. Argentina's exports have grown from almost zero to an average of over 250,000 metric tons since 2005.

U.S. wheat producers stand to lose up to \$100 million in sales PER YEAR without a FTA.

The MERCOSUR agreement provides duty free access for Argentine wheat and puts U.S. wheat producers at a disadvantage. **Argentina has received preferential duties under the agreement since 2005. Canada has an FTA with Colombia, which was implemented August 15, 2011.** Canadian wheat is entering the country at zero duty, putting the United States at a disadvantage to both Argentina and Canada. Colombia also signed a trade agreement with the EU in 2010 that will provide duty free market access when implemented.



The United States and Colombia signed a trade agreement in November 2006, Colombia's legislature ratified the agreement in October 2007 and their Constitutional Court completed its conformity review in 2008. The agreement has languished since then, largely because of political issues in the United States. The United States and Colombia announced a labor action plan on April 6, 2011, to address Congressional concerns and create a path for ratification. The action plan requires the Colombian government to take several policy steps to protect labor rights and violence against labor leaders by December 15, 2011.

U.S. wheat producers face an increasingly competitive and uncertain market in Colombia.

Despite long-standing ties with Colombian millers, the U.S. wheat industry is losing market share to Canada and Argentina due to market access preferences under their FTAs. Based on direct input from Colombia's milling industry, **U.S. wheat producers across the country stand to lose at least \$100 million in wheat sales** at current prices **every year** they must compete without an implemented FTA. Colombia's import tariff on wheat currently stands at 10 percent, and can move as high as their WTO bound rate of 124 percent. Additionally, Colombia has long made use of a "price band" scheme to control agricultural imports. This system raises and lowers applied duties depending on world prices.

Ratify the U.S.-Colombia FTA Immediately.

The U.S. wheat industry, along with other agricultural commodity groups, supports immediate ratification and implementation of the U.S.-Colombia free trade agreement so U.S. producers can compete on equal terms in the Colombian market.

Years ago, the United States opened its market to imports from Colombia through trade preference legislation. As a result, more than 90 percent of Colombian imports have entered the U.S. marketplace duty-free under this preference program. By contrast, U.S. exports to this market, including wheat, face tariffs that often soar into the double digits. Colombia has enjoyed nearly free access to our marketplace while U.S. access remains limited.

The U.S.-Colombia FTA fixes this imbalance by forging a mutually beneficial, reciprocal partnership. Four-fifths of U.S. consumer and industrial products and more than half of all U.S. farm exports, including wheat, will enter Colombia duty-free immediately upon implementation of the agreement.

Without the U.S.-Colombia FTA, U.S. wheat growers and producers across the country face an uphill battle in this critical export market resulting in millions of dollars in losses of both exports and jobs to the U.S. economy.

Colombia's Wheat Imports from the U.S. by Class

1,000 Metric Tons

Marketing Year June-May	HRS	HRW	SRW	HW	SW	Durum	Total
2010	267	292	180	0	22	3	765
2009	119	299	215	0	13	0	645
2008	73	447	229	0	0	3	751
2007	220	522	204	0	0	0	947
2006	101	262	189	0	0	3	555
2005	112	428	145	0	0	6	691
2004	161	421	155	0	0	3	739
2003	112	547	161	0	0	0	820
2002	101	454	161	0	6	2	723
2001	0	363	165	0	0	0	528

Source: USDA/FGIS